BUDGET

2000 - 2001

SPEECH OF

CHIEF MINISTER

Thiru M. KARUNANIDHI

Panguni 11, Thiruvalluvar Aandu 2031
24th March 2000

Speech of Thiru M. Karunanidhi, Chief Minister, Government of Tamilnadu, presenting the Budget for 2000-2001 to the Legislative Assembly on 24th March 2000.

Honourable Speaker Sir,

A good Minister is one who has the ability to analyse and choose:-

the appropriate instrument,
the right time,
the manner of performance and
the activity itself.

so expounds Ayyan Thiruvalluvar on the traits of a Minister in the following Kural, in accordance with which we have been governing.

" A minister is he who grasps, with wisdom large,
Means, time, work's mode, and functions rare he must discharge".

I place before this House and at the feet of the beloved people of Tamilnadu the budget of this government with the proclamation of our unshakeable conviction in the blossoming of State autonomy through the devolution of the powers concentrated at the Centre, in all the national languages obtaining the status of official languages of the Union and for Tamil language to get the status in the first instance, in vesting with the respective States the authority to decide the policy of reservation in consonance with the ideals of the social justice of the great Dravidian movement, in the development of the poor and the middle classes, the scheduled castes, the most backward classes and the backward classes by breaking the barriers to their progress, in the protection of the minorities and in safeguarding the social unity blended with communal harmony and humanism.

When Dravida Munnetra Kazhagam assumed office for the first time following the historic mandate of the people of Tamilnadu, Perarignar Anna, as the Chief Minister, while presenting the budget in this august House on 17.6.1967, declared:-

> "We should not overlook the need to support measures which would assist in the evolution of a casteless society. It is well known that the present Government are specially keen on promoting an integrated society arising above the differences based on caste, in which the people of Tamizhagam having swerved from the immortal teachings of Kural, find themselves enmeshed today. The current caste cleavages and chasms are to be closed and the concept of a casteless and classless society is to be firmly established";

> "We are believers in social justice; we are heirs to the hoary traditions of Tamilnadu which have always emphasised the virtues of thrift and economy"

This proclamation of Perarignar Anna permeates every cell of my mind even today as rain water and red soil.

I have been serving with humility the cause of Tamil and the people of Tamilnadu with the same belief and the same objective and with a vow that my duty is to ever remain in the service of the people, without straying even an inch from the vision of Thanthai Periyar and the path shown by Anna.

I present the Revised Estimates for 1999-2000 and the Budget Estimates for 2000-2001 by assuring my beloved people of Tamilnadu through this august House that I am always prepared to sacrifice my body, mind and soul for eschewing violence, vanquishing poverty and establishing an egalitarian society.

ECONOMIC DEVELOPMENT

2. The Gross State Domestic Product is expected to grow at 6.6 percent in the current financial year. With major industries like automobiles coming out of recession and increasing production, the growth in the manufacturing sector will be 13 percent.

3. The total investments in upgrading national highways, state highways, district roads, rural and urban roads and streets in the coming financial year will be Rs.1685 crores. The investment in telecommunication will be Rs.2285 crores and the investment in urban infrastructure including water supply and sanitation will be Rs.1407 crores. Investment by the Tamilnadu Electricity Board in the power sector will be Rs.1034 crores. In addition, private sector investment in power generation in the State will be about Rs.1332 crores. An investment of Rs.482 crores will be made by the Central Government in Chennai, Ennore and Thoothukudi ports in the coming financial year.

CENTRE STATE FINANCIAL RELATIONS

4. When the Union Government recently announced that 29 percent of its net tax revenues will be devolved to the States, instead of gross tax revenues, I requested the Prime Minister and the Union Finance Minister to reconsider the decision. They have assured me that the percentage of devolution will be suitably revised upwards to compensate for the loss to the States while adopting net tax revenue as the basis for such calculation.

5. States that are progressing rapidly like Tamilnadu have been successfully implementing various schemes for economic development and poverty alleviation. We have urged the XI Finance Commission and the Union Planning Commission that the Union Government should instead of reducing the allocations for various schemes for these States, additional resources should be allocated.

LOCAL BODIES

6. Rs.845 crores have been provided to the local bodies from the State's total tax revenues in the current financial year. This will be increased to Rs.1036 crores in the coming financial year. In addition, a sum of Rs.78 crores will be provided to local bodies as their 90 percent share of the entertainment tax. In all, Rs.2401 crores have

been allocated to the local bodies in the next financial year by way of various grants from the State government, share in tax revenue, and allocation for schemes.

7. District planning committees will be made operational to enable the preparation of district level annual plans and five year plans from next year based on the plans formulated by the rural and urban local bodies. **These planning committees will hereafter function under the chairmanship of the district panchayats, chairpersons instead of district collectors.** An amount of Rs.3 crores has been provided in the coming financial year for the functioning of these committees.

RURAL DEVELOPMENT AND EMPLOYMENT

8. The State and Central governments have allocated Rs.73 crores and Rs.219 crores respectively for schemes like the Rural Employment Assurance Scheme, the Jawahar Village Development Scheme and Golden Jubilee Self Employment Scheme. More than 3 lakh poor households will benefit from these schemes.

9. A sum of Rs.900 crores will be spent in the current and the next financial year for black topping of 11,600 kms. of rural roads and converting 5,000 kms. of streets as cement concrete streets. In the current financial year, black topping of 3,600 kms. of roads and laying 2,800 kms. of cement concrete streets are in progress. The remaining work will be completed in the coming financial year.

10. This Government has initiated action to set up centres in urban areas for villagers to market their hand made products at remunerative prices just as farmers sell the vegetables grown by them directly to the public at fair prices in the much acclaimed Uzhavar Sandais. An expenditure of Rs.14.60 crores will be incurred for establishing permanent marketing centres in all districts and to promote the sale of rural products with the brand name 'Poomalai'.

11. The Government of India has recently enacted the Geographic Indications Act. Every region functions as a distinct and special production centre for a particular product. For example, Kancheepuram silk, Madurai sungadi saree, Swamimalai bronze statue, Nachiar Koil lamp, Thanjavur plate, Pathamadai

mat, Bhavani carpet etc., are famous all over the world. The World Trade Organisastion emphazises products under these names should not be manufactured by anyone in India or abroad. Now that e-Commerce has come to stay, efforts would be made to find world markets for these products and also to create quality brand names for them.

12. We have improved the quality of life in rural areas, by creating basic amenities in 634 rural panchayats in the last 3 years at a cost of Rs.518 crores under the Anna Marumalarchi Thittam. For implementing this convergent scheme in 210 villages, in the coming financial year an allocation of Rs.75 crores has been made.

13. Based on the good response received from the public for the Namakku Naame Thittam, the allocation for this scheme has been enhanced to Rs.30 crores in the coming financial year. Additional allocation will be made for this scheme to match enhanced public contribution.

14. Persons born in various villages have been living prosperously in Tamilnadu, in other States of India and in other countries. They have a special attachment towards their villages. Hence, if they donate funds for the establishment of schools and hospitals in their native villages, those schools and hospitals will be named after them or their parents or their relatives.

15. During the last 4 years, 2.84 lakh group houses have been constructed under the scheme started by this government for constructing free concrete group houses for the Adidravidars and the poor. In the coming financial year 31,000 more houses will be constructed at a cost of Rs.99 crores.

16. A programme to create awareness among people on health and sanitation, through education, information and training, at the district level on a campaign mode will be implemented under a scheme called Rural Sanitation Campaign in 4 districts in the current financial year and in 4 more districts in the next financial year at a cost of Rs.12 crores.

ADMINISTRATIVE REFORMS

17. As announced in the last year's Budget speech that arrangements will be made to issue community certificates, income certificates and nativity certificates needed by the students in their schools, 15.65 lakh applications have been obtained from students of 10th and 12th standards and forwarded to tahsildars. All these certificates will be issued before the end of this academic year in the schools.

18. To facilitate transparency in government activities, policy announcements of public interest, tender notices, citizens' charters, statistics etc., have been posted on the Internet web site with the address www.tn.gov.in Arrangements have already been made to periodically post all government application forms, both in Tamil and English on the web site.

19. 25 registration offices have so far been provided with computer facilities to enable speedy service delivery. **This facility will be extended to other registration offices in the coming financial year. Through this, it will be possible to obtain encumbrance certificates, marriage registration certificates etc., quickly.**

20. With a view to computerising all the activities in taluk offices including issue of extracts of land records like 'A' register and Chitta, issue of community certificates, income certificates, despatch of old age pensions, etc., software have been developed and implemented in Thiruvarur and Thanjavur districts on a pilot basis. **In order to evaluate these and to select the software suitable for adoption throughout the State, a committee has been set up under the chairmanship of Dr.Ananthakrishnan. On receipt of the recommendations of this committee, the remaining taluk offices in the State will be fully computerised in the coming financial year.**

21. All the District Rural Development Agencies have been computerised and progress of plan schemes monitored. All the panchayat unions of Thanjavur district have been computerised. Computerisation of 52 panchayat unions in other districts will be taken up in the coming financial year. All the panchayat unions in the State will be computerised in the next two years.

22. It has been decided to introduce satellite based Global Positioning System in one taluk on experimental basis in the coming financial year to utilise modern scientific techniques in land survey.

23. The construction of collectorate complexes in the districts of Thiruvarur, Thiruvannamalai, Namakkal, Karur, Nagappattinam, Theni and Thiruvallur will be completed by next September.

24. White Paper:- A white paper on the reservation in government employment for the Adi dravidars, Tribes, Backward classes and Most backward classes, their present representation and the action taken by the Government thereon, will be placed in the Legislative Assembly in the current session.

25. 6000 teachers and about 4000 uniformed personnel including policemen will be recruited in the coming financial year.

RURAL WATER SUPPLY

26. The United Nations Environment Programme indicates that more than 200 crores persons will be affected due to water scarcity all over the world by the year 2050. The Second World Water Forum and Ministerial Conference held recently in Netherlands has indicated that by 2050, six States in India will face water scarcity and Tamil Nadu would be one among them. We are aware that we are not in a position to save even 10 percent of rain water, that a day's heavy downpour in Chennai, if stored, can meet a year's water requirement in the city and that the ground water in the State is rapidly getting depleted. **Tamlinadu government,which is committed to taking preventive action, will constitute an expert committee to recommend measures for tackling successfully the impending water crisis in the next fifty years. A report will be obtained on the efforts to be taken to store and utilise rain water without wastage and to conserve and augment ground water resources and appropriate action taken thereon.**

27. The allocation for rural water supply has been increased from Rs.450 crores in the current financial year to Rs.500 crores in the coming financial year.

28. This Government has adopted a policy of providing 40 litres of drinking water per capita per day in rural areas. In 1996, about 32,000 habitations had not attained this level. 21,000 habitations out of this have been provided adequate drinking water facilities as a result of rural water supply schemes executed at a cost of Rs.960 crores during the past four years. Drinking water facilities at 40 litres per capita per day will be provided to all the remaining habitations in the next two years.

URBAN DRINKING WATER SUPPLY

29. Under the Golden Jubilee Year Special Programme, new water supply schemes were taken up in the current year in 12 municipalities and 25 town panchayats with grant assistance of Rs.50 crores. Similarly, it is proposed to implement new water supply schemes in 76 financially weak towns with inadequate water supply in the coming year. Government has enhanced the size of the grant to Rs.80 crores to meet a part of the estimated cost.

30. The investigation report on the Avinasi Athikkadavu water supply scheme is expected to be received by the end of next month. The report will be examined and appropriate decisions will be taken.

URBAN DEVELOPMENT

31. Tamil Nadu is one among the States in India having the largest urban areas. But the sad state of inadequate sewerage disposal facilities contributing to fall in public health standards is a situation which should not exist in the 21st century and definitely avoidable. In Alandur adjacent to Chennai, following the concept of Namakku Naame, each household has brought in its contribution to supplement private investments for implementing an underground sewerage scheme and the work has already started and is progressing rapidly. The Government will sanction a grant of Rs.3 crores on the Namakku Naamae principle, the public contribution is Rs.6 crores, private investment is Rs.8 crores and the loan from financial institutions will be Rs.16 crores. 11,714 families have contributed at Rs.5,000 per family. The Government will come forward to provide underground sewerage facilities for all municipalities and town panchayats which come forward to implement a similar scheme on the "Alandur Model".

32. **A committee headed by Honourable Minister for Public Works had been to Netherlands in February this year and held discussions with experts there on prevention of sea erosion in the Ennore highways in North Chennai. In order to find a permanent solution to this long problem, a scheme will be formulated and implemented with the assistance of Government of Netherlands.**

PUBLIC DISTRIBUTION SYSTEM

33. It is a matter of concern that the price at which rice will be supplied to the States has been increased in the Central budget. I urge the Central Government to withdraw this hike in price.

34. In view of the fact that a large proportion of buyers in fair price shops are women and that the shops run by women are functioning well, the government has been encouraging shops to be run by women. At present 210 fair price shops in the State are being run efficiently by women. This government will take steps to increase this number.

35. The price monitoring committee under chairmanship of the Chief Secretary is monitoring the prices of essential commodities every week. The prices of food grains, edible oil, pulses, vegetables etc., have been generally stable during the past one year.

AGRICULTURE

36. Despite less than normal rainfall in Tamilnadu this year, the food grain production is expected to increase from 94 lakh tonnes last year to 103 lakh tonnes this year due to steps taken for water management like desilting of rivers, tanks and channels and the tireless efforts of our farmers.

37. Wasteland development has been one of the priority schemes of the State government. The Government has constituted a Wasteland Development Authority under the chairmanship of the Chief Minister. A scheme for the development of 25,000 acres of wasteland has been implemented at a cost of Rs.5.56 crores in the ten districts of Pudukkottai, Thirunelveli, Erode, Villupuram, Sivagangai, Madurai, Virudunagar, Thiruvannamalai, Dharmapuri and Perambalur and for the

first time cashew, neem, fruit bearing trees, etc have been planted in these lands. **Additional 75,000 acres of wasteland will be developed in 24 districts in the coming year. A perspective plan is being prepared for the development of nearly 25 lakh acres of wasteland in the next 10 years.**

38. 32 Uzhavar Sandhais have been established so far. 2.46 crores kgs of vegetables have been sold for Rs.15 crores as on 23.3.2000 in these Uzhavar Sandhais. The remaining 68 Uzhavar Sandhais will be started in the coming financial year.

CASHEW PLANTATION SCHEME

39. Cashew cultivation helps in the utilisation of various types of wasteland, in preventing soil erosion, forming wind barriers along the coast and in protecting the environment. In order to encourage cashew cultivation on a large scale, necessary action will be taken to identify government wastelands suitable for cashew cultivation and allot them under long term lease to those who come forward to cultivate cashew.

IRRIGATION

40. For modernisation of major and medium irrigation schemes, for increasing irrigation potential through works like improvements to canals and for the early completion of nine irrigation schemes namely, Adavinayinar, Kodumudiyar, Nambiyar, North Pachaiyar, Kirudumal Anicut, Moradana scheme, Raja Thoppukanaru scheme, Poigaiyar scheme and Sothuparai scheme, works are being executed speedily with World Bank assistance. So far 268 works have been started at an estimated cost of Rs.763 crores. Rs.218 crores have been allotted for these works in the coming financial year.

41. Desilting irrigation canals was taken up during the current year at a cost of Rs.50 crores. It has been decided to continue such works with an outlay of Rs.50 crores during the next financial year also.

42. A flood prevention scheme has been formulated at an estimated cost of about Rs.50 crores to avert the recurrence of recent flood damages in Tiruchirappalli. Under the scheme, obstructions at the place where Kudamurutti river joins the Cauvery river will be removed. Kudamurutti, Ariyaru Koraiyaru

and Kodingal drainage channel will be widened. The embankments of Uyyakkondan canal will be strengthened.

WELFARE OF FARMERS

43. For the first time in the history of Tamil Nadu, the representatives of the farmers' associations of the State were invited and their views obtained and considered before the preparation of the Budget and the following decisions have been taken:-

- **A high level committee will be set up with the Chief Minister as its Chairman, the Minister for Agriculture, the Minister for Public Works, representatives of farmers' associations, government officials and experts as its members to formulate a new agricultural policy and to monitor its implementation.**

- **Cold storage facilities will be set up at the required places through Agricultural Marketing Committees, Co-operative socieities and private sector for preserving vegetables and fruits.**

- **As indicated already, the allocation for the Namakku Naame Thittam which includes provision of basic facilities for agriculture in villages such as concrete threshing floors will be increased to Rs.30 crores in the coming financial year.**

- **A savings and security scheme will be formulated and implemented in the coming financial year for the benefit of farmers who sell their produce through the Agricultural Market Committees in the districts.**

- **Water users' associations will be formed and the responsibility of operation and maintenance of irrigation sources will be entrusted to them along with the required resources. The Bill introduced for this purpose last year will be passed in this session.**

- In order to avoid the secretaries of primary agricultural co-operative banks from continuing in the same place for many years, a system of transferring them from one bank to the other will be implemented.

- 44 minor irrigation tanks situated in 23 districts will be renovated at a cost of Rs.19 crores with the assistance of NABARD. Renovation of irrigation tanks will be taken up in the next financial year by obtaining more funds.

- The Patta Pass Book scheme has been fully implemented in Vellore district now. Patta pass books have been issued to the farmers in the districts of Thanjavur, Tiruchirappalli, Karur, Perambalur, Coimbatore, Madurai, Theni and Thoothukudi. This scheme will be implemented fully before the end of June after updating them and issuing notifications under the Patta Pass Books Act. Patta pass books will be issued to all farmers in the remaining districts before the end of the coming financial year.

- Penal interest will be waived in the case of farmers who repay all their loan overdues as on 30.6.1999 with interest on or before 30.6.2000.

- Further, as against the incentive of 6.25 percent on the interest on current loan dues paid last year, 7 percent incentive will be given this year. Those who have already repaid their loan dues in full in the current year will also be eligible for this incentive. It is expected that about 10 lakhs farmers will benefit by this scheme.

- The track rent levied so far on the farmers for laying pipelines in government lands for taking irrigation water, will be withdrawn.

- The highlevel committee constituted under the chairmanship of Thiru Mohanakrishnan to

examine the request of agriculturists for adoption of turn system for release of water during each irrigation season in the Parambikulam Aliyar irrigation project areas has recommended that the request can be accepted. Accepting this recommendation, this turn system of irrigation will be introduced on an experimental basis from the coming irrigation season starting from 1st August.

- **In order that the private sugar mills settle their dues to farmers, talks will be held with the mill owners.**

The other suggestions and requests of the farmers will be examined and appropriate decisions will be taken.

FISHERMEN WELFARE

44. Under the Sindanai Sirpi Ma.Singaravelar memorial free housing scheme for fishermen, construction of 16,000 houses has been sanctioned so far and 11,500 of them have been completed. The construction of the remaining 4,500 houses will be completed soon. 4,000 more houses will be constructed at a cost of Rs.14.80 crores in the coming financial year. Thus, as announced during 1996, the scheme for construction of 20,000 houses for fishermen in 5 years will be completed in the coming financial year.

45. With a view to removing the difficulties faced by the fishermen in selling fish and for providing hygienic facilities for the sale of fish, 'Meenavar Angadis' will be established at 10 places in Tamilnadu in the first phase. These markets will be set up with modern facilities, drinking water and toilets. In order to facilitate the sale of quality fish, auction halls and drying yards will be constructed in places where wholesale auction of fish takes place.

46. There are 56169 members in 245 inland fishermen co-operative societies in Tamilnadu. Most of them are living below the poverty line. In the coming financial year, 1000 houses will be constructed for inland fishermen through cooperative societies.

ANIMAL HUSBANDRY

47. A special cattle protection scheme has been launched for improving the health and fertility of the livestock. In the two months since this scheme was started, 600 camps were conducted upto 22.3.2000 and 20.88 lakhs livestock have received treatment. A sum of Rs.2.29 crores has been allocated for expenditure on medicines etc., for the conduct of 4620 camps in all the panchayat unions in Tamilnadu at the rate of one camp per month per panchayat union.

ENVIRONMENT AND FOREST

48. Tamilnadu Afforestation Project was launched during 1997 – 98. Till the end of 1999, afforestation of an area of about 5.60 lakh acres has been completed at a cost of Rs.211 crores. This scheme will be implemented in 200 villages covering 1.89 lakh acres at a cost of Rs.109 crores in the coming financial year.

49. The centrally sponsored "Green Belt for Abatement of Pollution and Environment Improvement scheme" will be implemented at a cost of Rs.4.56 crores in the six municipal corporations of Tamilnadu including Chennai and in Erode, Kumarapalayam, Bhavani and Pallipalayam towns for the control of air, water and noise pollution and for the beautification of these areas through planting and maintaining a large number of special species of trees along both sides of the main roads and other places.

ROADS

50. As announced in the last year's Budget that work on providing link roads to 301 villages with a population of more than 1000 without link roads has been completed and thereby we have attained a stage in which there is no village in Tamilnadu with population above 1000 without a link road. As the next phase, in the current financial year, link roads have been provided at a cost of Rs.123 crores in 340 villages with population between 500 and 1000 without link roads. Link roads will be provided to 140 more such villages in the coming financial year at a cost of Rs.90 crores.

51. 2865 road development works have so far been taken up at an estimated cost of Rs.701 crores with assistance from the Rural Infrastructure Development Fund operated by NABARD. Out of this, 2062 works have been completed so far. 803 more works will be

completed in the coming financial year with an allocation of Rs.231 crores. Besides this, Rs.159 crores have been allocated for the improvement of 4290 kms of important stretches of Other District Roads. In order to continue this programme in a phased manner, 8235 kms. of Other District Roads will be developed in the coming financial year.

TRANSPORT

52. 8500 new buses have been purchased in the last four years by the Tamil Nadu State Transport Corporations. Though the bus fares have been revised during the current financial year, they are insufficient to meet the increasing operating costs of the transport corporations. It may be worth mentioning that the bus fares in Tamil Nadu are the lowest as compared to other States in the country.

53. At present 714 mini buses are plying under the Minibus scheme launched by this government to improve transport facilities in rural areas. This number will increase further in the coming year.

ELECTRICITY

54. The plan outlay for Tamil Nadu Electricity Board will be Rs.1034 crores during the coming financial year.

55. The total installed capacity of power in Tamil Nadu has increased from 6908 MW in 1996 to 7120 MW at present. The construction work on three private sector power generation projects with a total capacity of 686 MW is in progress. The construction work on two more private sector power generation projects with a capacity of 1156 MW will commence in the coming financial year. The 30 MW Parson valley hydroelectric power project of Tamilnadu Electricity Board has been inaugurated on the 20th of this month. The 107 MW Kovilkalappal power project will start generation during the coming financial year. The power generation in Tamil Nadu will increase by 696 MW in the coming financial year. Rs.620 crores has been provided by Tamilnadu Electricity Board during the coming financial year for reducing line losses further.

INDUSTRIAL DEVELOPMENT

56. The industry friendly policy of this Government has been instrumental for the continued industrial development in this State. Many major industries have been commencing production one after the other. While the Hyundai and Mitsubishi corporations have already commenced production, Ford India Limited and many of its ancillary units manufacturing auto components have commenced their production in the current financial year.

57. Preliminary steps have been taken for establishing a second international airport in Chennai. A consultant was appointed by TIDCO for undertaking a feasibility study for the establishment of this airport and the study has also been completed. We are having discussions with the central government for obtaining necessary approval for establishing this airport.

58. About 2,000 acres of land have been acquired in Nanguneri for establishing a high tech industrial park. Two renowned institutions have submitted a detailed feasibility report. We have registered with the Union government our request to establish an export promotion zone in this site. Work on this major project which will facilitate development of the southern districts, will commence during the coming financial year.

59. Industrial Park at Cuddalore: Work will commence this year on setting up an industrial park near Cuddalore over an extent of 950 acres.

60. Garment Park: An export processing zone exclusively for garment production will be set up on an extent of 200 acres near Chennai. These units will provide employment to hundreds of persons especially women.

61. Floriculture Park: A modern floriculture park will be set up at Hosur over an extent of 200 acres at a cost of Rs.70 crores. Rose plants will be cultivated in 125 acres in this park and the rose clippings after collection will be preserved in cold storages for eventual export to Europe, East Asian countries, Japan, Australia, Arabian countries etc. via Bangalore and Chennai airports. During non flowering season, the cold chain will be utilised for export of 6500 tonnes of vegetables and fruits

including the salem mangoes to the Far East and the Middle East countries. All these are being setup in the joint sector. This project will start functioning during the coming financial year at a cost of Rs.70 crores which will include equity investment of Rs.2.5 crores by the International Finance Corporation of the World Bank group.

62. As a result of our stressing the need for higher investments in information technology, the investments in telecommunication by the Central government in Tamil Nadu will go up to Rs.2079 crores in the coming financial year as against Rs.1377 crores in the current year.

63. TIDCO has signed a memorandum of understanding with India Trade Promotion Organisation for setting up an exhibition-cum-conference centre with all facilities fulfilling a long felt need for such a centre to support our efforts for trade and industrial development. The first phase of this centre will be ready by October this year.

64. TIDCO has entered into an agreement with Mitsui, a major Japanese company for setting up a petrochemical plant at Ennore near Chennai at a cost of Rs.6,000 crores. Preliminary work has started.

BIOTECHNOLOGY

65. Biotechnology has immense scope for generating large employment opportunities and raising the standard of living of the people. Keeping this in mind, the Government of Tamilnadu is setting up a Biotechnology Park for the first time in India exclusively for women entrepreneurs in Kelambakkam near Chennai. This will start functioning in the next few months. A study report has been prepared to formulate a Biotechnology policy for the economic development of our State utilising this rapidly developing technology. An expert committee under the chairmanship of eminent scientist Dr.M.S.Swaminathan, will examine this report and give its recommendations. Based on these recommendations, a Biotechnology Policy of the State will be formulated and implemented. Tamilnadu will be the first State in the country to formulate and implement such a policy.

66. Tamilnadu is rich in bioresources. The state is full of many species of flora and fauna in all the five major ecological regions described in Tholkappiam and the Sangam literaure as Kurinchi, Mullai, Marutham, Neithal and Paalai. The Government will accord high priority for utilising the techniques of bio technology for sustainable development of these bioresources. Suitable schemes will be implemented for the protection and development of the biological wealth of the Gulf of Mannar, Pichavaram and Muthupettai. It is worthy of mention that the Global Environment Fund has already come forward to provide an assistance of US $ 7.85 million for the protection of the Gulf of Mannar.

67. The Government of Tamilnadu is in the forefront in bringing about immense progress in the fields of industry, agriculuture and administration by using modern science and technology. As part of this endeavour, we will impart necessary training to the agricultural extension officers and transform them into knowledge workers assisting the farmers. These trained agricultural extension officers will greatly help precision farming which will be highly useful for enhancing the agricultural income by reduction in cultivation expenses through the use of the right inputs at the right time.

INFORMATION TECHNOLOGY

68. Having wasted several years and joining belatedly to the Indian information technology revolution, Tamil Nadu has achieved remarkable progress in the last four years of this Government as stated in the report of Harvard University. It is a matter of pride that from a stage when Tamilnadu did not account for any significant export of software, the State has now reached a stage when the value of software exports in 1998-99 was Rs.1246 crores which was 192 percent higher than the exports for the year 1997-98. It is a great success for the information technology policy which was formulated by us and also the actions taken to implement the same. Tamil Nadu is among the first States in India to have formulated an Information Technology Policy. It is also a State which has set up a separate department for Information Technology. As a result of this, Tamil Nadu has the largest number of software professionals among States in India. The largest main frame computing capacity is available only in Tamil Nadu. Chennai, the capital of Tamil Nadu is fast developing

as a major centre for largescale development of multi media software applications. It is a matter of pride that NASSCOM has concluded that Chennai is the best place for development of software projects. As the Harvard study remarks "why can't Tamilnadu be not only the leader in India but also become a regional gateway to Asia, home to half the humanity?" Already hailed as a large reservoir of talent and an intellectual powerhouse, this government has been making various efforts to enhance the reputation of Tamilnadu internationally.

69. The Data Quest Week in its issue dated 6.3.2000 has remarked:-

> **"What Sinha has apparently missed out is one city where lot more software action is taking place quietly without Tamilnadu Chief Minister M.Karunanidhi having to shout from the rooftops about the silent revolution going on in Chennai".**

70. The TIDEL software park, a joint venture of TIDCO and ELCOT, being set up with a floor space of 12 lakh square feet at Taramani, Chennai at a cost of Rs.338 crores is nearing completion. This park will have all the modern facilities needed by IT companies for participating in international trade. This will be completed before the end of May this year and will be ready for inauguration. This will be the best state-of-the-art software park in the whole of India with ultramodern facilities. Software companies of international repute will be located in this park.

71. Tamilnadu Software Development Fund set up to cater to the needs of IT industries has become operational since April 1999. This Fund will greatly help the growth of electronic commerce in Tamilnadu.

72. On the basis of the recommendations of the international conference and seminar, 'Tamil Net 99', the Government has standardised Tamil keyboard and the code for Tamil script. Government has also announced the modality for certification of hardware and software produced as per these standards.

73. The rapidly growing exchange of medical, legal and secretarial services through internet using information

technology with foreign countries will pave the way for creation of employment opportunities for the educated youth of this State. Institutions offering such services are being established in cities like Coimbatore, Tiruchirappalli, Madurai, Salem and Tirunelveli. The Software Technology Park of India has come forward to set up satellite earth stations or points of presence in these cities. These facilities will be operational in the coming financial year.

74. **In the study report given by the researchers of Harvard University pursuant to a memorandum of understanding entered into by this Government in 1998, suggestions have been made for bringing Tamil Nadu to the forefront in information technology at international level. An action plan is being formulated on the basis of recommendation of this report and the suggestions of IT companies.**

75. **In order to assist the entrepreneurs who come forward to start new ventures in information technology, TIDCO, in colloboration with other financial institutions, has set up a Venture Capital Fund, which has successfully assisted 5 enterpreneurs so far. In view of its success, action will be taken to considerably increase the size of this fund.**

EDUCATION

76. The outlay for education has been increased from Rs.4426 crores this financial year to Rs.4949 crores in the coming financial year.

77. During the last 2 years, 712 new primary schools have been started in Tamil Nadu. By this, we have reached a stage in which there is no habitation in Tamil Nadu without a primary school.

78. Orders have been issued to make Tamil or the mother tongue as the medium of instruction for classes I to V in all schools, on the recommendatios of a committee headed by Justice Thiru Mohan. Hon'ble members are aware that cases filed against this are pending in the High Court.

79. **Considering the need for students to have computer education to meet the requirements of the rapidly growing IT sector, a scheme for computer education was**

introduced on a large scale in government higher secondary schools for the first time this year. This scheme started in 666 government higher secondary schools with all facilities will be extended to all the remaining government higher secondary schools in the coming year.

80. A scheme will be implemented in the coming financial year for imparting computer education to students of all government arts and professional colleges.

81. Government has been taking steps to provide relief to the teacher trainees from the affected teacher training institutions. In order to impart proper training to these students, who are unable to obtain their diplomas due to judgement of the courts, they have been admitted to 30 percent of the available seats and trained in government teacher training institutions for the past two years. Age relaxation of 5 years has also been given to them. Since the recommendation of the committee under the chairmanship of the Leader of the Opposition is not in accordance with the judgement of the Supreme court, Government has taken steps to file a review petition before the Supreme Court as per the advice of the Supreme Court advocate. Government is also examining the proposal to increase the 30 percent admission to these students in the next year subject to the guidelines of the National Council for Teacher Education.

YOUTH WELFARE

82. Recalling the Sangam age verse meaning 'The duty of the king is to promote virtues', it has been decided to set up a separate department for youth welfare and sports development, with a view to involving the youth in useful activities, harnessing their scattered energies, and to discharge the duty of shaping them as bold and capable citizens confident of facing the future. Schemes will be implemented for promoting scientific temper, social and religious harmony, good conduct and social awareness among the youth and for increasing opportunities in education and employment.

83. Only very few schools have facilities for sports, physical exercise and recreation activities. The non student younger generation constituting 35 percent of our population is not in a position to obtain these facilities in villages and town

panchayats. In order to free them from bad habits and to focus their time and energy on leading a healthy life with religious harmony, sports centres will be set up in all village panchayats and urban areas. With a view to encouraging the sportsmen, competitions will be conducted at school, district and finally State levels and prizes and rolling cups will be given to the winners. Private sector participation for this will also be welcomed.

84. While replying to the debate during budget last year, I had mentioned that a committee would be set up under the chairmanship of Thiru Venkitaramanan to explore the possibility of setting up a financial institution for self-employment of youth. The committee so constituted is examining the existing schemes for financing of self employment programme for the youth. The report of this committee will be obtained quickly and appropriate action taken.

TAMIL LANGUAGE AND CULTURE

85. Tamil Sangapalagai Kural Peedam has been established with the Chief Minister as its chairman and Thiru Tamizhannal as its vice-chairman. Rs.20 lakhs will be provided for this in the first phase.

86. Kalaikaveri Fine Arts College, Tiruchirappalli started in the year 1996 with the approval of the Government of Tamilnadu and affliated to the Bharathidasan University with Rev. S.M.George as its principal, continues to serve the cause of fine arts and has been acclaimed as the first ever fine arts college in Tamilnadu to offer a degree course in Bharathanatyam. This college has introduced many innovations in cultural programmes by adopting humanism and religious harmony as their central themes and has conducted more than 1000 performances in India and abroad. In order to encourage its activities, the Kalaikaveri Fine Arts College will be recognised by this government as an aided institutuion and necessary grants will be sanctioned to it.

87. This Government has notified the formation of the Tamil Virtual University with Dr. V.C.Kulandaisamy as the chairman of its governing council for the benefit of students all over the world who are interested in learning Tamil. Such a teaching facility for providing education through internet in a language other than English is the first of its kind in the world.

88. As this year is the centenary year of the great reformer Sami. Chidambaranar, an eminent writer of self-respect movement and who wrote commentaries on ancient Tamil literature in a lucid style for the common man and of the Tamil scholar Mayilai Seeni. Venkatasami who started his life as a school teacher and became a researcher of eminence acclaimed by many universities, their works will be nationalised and an amount of Rs.10 lakhs each will be paid to their descendants.

89. Similarly the works of late Mudiarasan, poet of the Dravidian Movement will be nationalised and Rs.10 lakhs will be paid to his descendants.

90. To commemorate the two hundreth anniversary of the execution of Maruthu Pandyars, who were hanged for their struggle for freedom, action will be taken to erect a memorial for them and to finalise the arrangements for organising a function on 24.10.2001 to pay tributes to them.

HEALTH AND FAMILY WELFARE

91. An outlay of Rs.1263 crores has been provided in the coming financial year for the Health and Family Welfare department.

92. As announced by the Government while introducing Vazhvoli Thittam in the Budget speech last year, this scheme was implemented in all government schools and aided schools covering students from 1st to 12th standard, and so far, 59 lakh students were provided health checkups, and of them, 29 lakh students were given necessary treatment. Besides, 66,000 students are being given special treatment for specific ailments.

VARUMUN KAPPOM THITTAM

93. The Varumun Kappom Thittam, under which the doctors from the Health and Family Welfare department go to the villages and conduct camps to examine and treat the poor has been widely welcomed. In the 4 months since the scheme commenced, till 21.3.2000, 17.4 lakh persons have benefitted in 1634 camps. An evaluation of this scheme has revealed that most of the beneficieries are from most backward and downtrodden sections of the society and that 88 percent of the beneficieries are poor labourers, 40 percent of the beneficieries are women and 26 percent are children. It is proposed to

conduct 10,000 camps throughout Tamil Nadu so as to benefit about one crore persons. Rs.10 crores have been provided for this scheme in the coming financial year.

VAZHNDHU KAATTUVOM

94. During the year 1989–90, this Government introduced a scheme for social and economic empowerment of women by organising them into self help groups and providing opportunities for self employment and training. Considering the benefits derived by the women by this scheme, we have endeavoured to strengthen these self help groups by implementing the Mahalir Thittam from 1997–98. The Tamilnadu Mahalir Thittam is being implemented in 28 districts of Tamilnadu except Chennai city. Under this project, over 4,42,000 women have enrolled themselves in 24000 self help groups and have saved more than Rs.32 crores, and these groups have been sanctioned loan assistance of more than Rs.97 crores through banks. This saving scheme protects them from the necessity of getting loans from private lenders at exhorbitant rates of interest for their urgent and essential needs.

95. In order to improve the economic status of poor women and to cultivate the savings habit among them, a "Savings Linked Micro Credit Scheme" is being implemented from 1.1.1999 for women engaged in petty trades in municipal corporation areas. This scheme has been extended to municipalities and town panchayats from 2.5.1999. As on 15.3.2000, co-operative banks have extended loans to the extent of Rs.6.21 crores to 62923 women beneficiaries. It is encouraging to note that the recovery of loans is 95 percent under this scheme.

96. Though these schemes are being implemented along with other schemes for women like marriage assistance scheme for poor girls, widows remarriage scheme, intercaste marriage scheme etc., by different departments, they will be co-ordinated under the direct supervision of the Chief Minister's secretariat under the name 'Vaazhndu Kattuvom'. The total allocation of funds for this massive scheme will be Rs.120 crores in the coming financial year.

NUTRITION

97. 75 lakh children are benefitting under Dr.MGR Nutritious Meal Programme. Rs.581 crores have been provided for the nutritious meal programmes in the coming financial year.

98. The Government has decided to enhance the grant for vegetables, firewood and salt under the nutritious meal programme from 18 paise per student per day to 23 paise. This will result in an additional expenditure of Rs.14 crores for the Government.

99. There are 71,138 nutritious meal centres in this State. Considering the need to maintain these centres properly, all the centres will be repaired and renovated by providing additional funds in the coming financial year.

ADI DRAVIDAR AND TRIBAL WELFARE

100. Rs.626 crores have been allocated for the welfare of Adidravidars and Tribals in the State in the coming financial year.

101. Under the plan for establishing Periyar Ninaivu Samathuvapurams, 64 Samathuvapurams have so far been established. The establishment of the remaining 86 Samathuvapurams will be completed in the coming financial year.

102. Construction of 43 new hostels for Adidravidar and Tribal students has been taken up at a cost of Rs.14 crores. Further, 5 schools and 9 hostels are being constructed for Tribal students.

103. Job oriented training is being imparted to Adidravidar students in various trades including plastic technology, leather technology and fashion technology. Opportunities are being provided for Adi dravidars for starting their own businesses or trades under Individual Entrepreneur Development Scheme. Last year, assistance for a sum of Rs.498 lakhs has been given as subsidy and margin money under this scheme for 1344 persons.

104. Construction of Dr.Ambedkar Manimandapam started in 1998 will be completed soon at a cost of Rs.4 crores and will be inaguarated in April this year.

105. There are about 6 lakhs tribals living in our State. All the schemes intended for their welfare have so far been implemented by the Directorate of Adi dravidar and Tribal Welfare. In view of the need to bestow special attention for safeguarding the welfare of the tribals and in order to implement schemes intended for them effectively, it has been decided to form a separate Directorate for Tribal Welfare.

WELFARE OF BACKWARD AND MOST BACKWARD CLASSES

106. Rs.175 crores has been allocated for the welfare of the backward classes, most backward classes and denotified communities in the coming financial year.

107. A special scheme providing an incentive of Rs.500 every year to 60000 girl students of most backward classes and denotified communities studying in classes III to V has been introduced during the current year in order to encourage them to study upto middle school. It has been decided to extend an assistance of Rs.100 per month to 30,000 girl students of most backward classes and denotified communities studying in VI standard during the coming financial year. This scheme will bring about a welcome change in the educational status of these girls.

108. The Government has been making all useful efforts to ensure continued reservation of 69 percent in employment and educational institutions in the State.

109. This Government has formed an Urdu Academy in Tamilnadu in order to make the dreams of Urdu speaking people come true. Hon'ble Minister for Education will be the chairman of the Acadamy and Dr.Syed Safiullah will be its deputy chairman.

110. A new institution, the Tamil Nadu Minorities Economic Development Corporation has been established to bestow special attention for extending economic assistance to minorities. This corporation will obtain funds from National Minorities Development Corporation and extend loans at a reasonable rate of interest to minorities.

SOCIAL SECURITY

111. It has been announced in the Governor's address that guidelines will be framed for grant of house site pattas to persons enjoying government poromboke lands by construction of houses for the past 20 years if these lands are not needed for Government use. As requested by the Hon'ble members, the number of years will be reduced from 20 to 10. It has been decided that house site pattas will be issued by the district collector himself on merits after a field inspection of the problem areas by a team consisting of district collector, district revenue officer and the district level officer of the department concerned. Orders in this regard will be issued early.

112. Monthly pensions based on age under the social security scheme being given to fishermen, landless agricultural labourers, widows, destitute women and physically handicapped are being enhanced from the current level of Rs.150 to Rs.200. No limit is fixed on the number of these beneficieries. Additional expenditure on this account will be Rs.50 crores per annum.

113. Welfare of the physically handicapped : In order to improve the employment opportunities for the orthopaedically handicapped by imparting training in computers and laboratory technology, six training centres will be established in Chennai, Madurai, Coimbatore, Tiruchirappalli, Salem and Tirunelveli and free training in computers will be provided for 300 persons for a year. Further, training in laboratory analysis, X-Rays, ECG, EEG and other modern methods of testing will be given in these six centres for 300 persons.

114. Social reforms: It has been decided that the newly formed department of social reforms will conduct campaigns

114. Social reforms: **It has been decided that the newly formed department of social reforms will conduct campaigns for promoting rationalism and scientific temper among the people and to free them from superstitions through television, short films, dramas and cultural programmes.**

WELFARE OF HANDLOOM WEAVERS

115. Suitable schemes have been been formulated to face the challenges in domestic and foreign markets for the handloom sector and also to increase exports from this sector. In order to promote quality exports, 200 weavers societies with 10000 looms have taken necessary steps for export of handloom cloth worthRs.25 crores. A training programme is being implemented for select students from weavers families to enable them to obtain certificates from the National Institute of Fashion Technology.

116. The amount payable to the legal heirs of handloom weavers who die before attaining the age of 60 under the insurance scheme introduced by this government was enhanced from Rs.35,000 to Rs.40,000 during this financial year. From the coming financial year this amount will be further increased to Rs.50,000. The monthly pension payable to weavers above 60 years of age will be raised from Rs.150 to Rs.200.

117. Efforts will be made to find markets for the unsold stock of handlooms lying with the weavers.

LABOUR WELFARE

118. This Government has deep concern for protecting the welfare of the workers in the unorganised sector and to achieve this objective, has constituted a welfare board. Government has sanctioned Rs.40 lakhs as grant towards the initial expenses of this board. The unorganised workers registered with this board will be provided accident relief, maternity welfare and terminal benefits. Considering the large number of tailors, autorickshaw drivers and taxi drivers who have been registered with the board for unorganised workers, government has decided to form separate welfare boards for these two categories accepting the requests from these workers.

119. Landless agricultural labourers are at the lowest rungs of society. Accepting the recommendations of the Kolappan Committee, an agricultural workers welfare board will be set up in the coming financial year to formulate and implement welfare schemes to raise their standard of living.

120. A scheme is being implemented from May 1999 for extending financial assistance of Rs.250 per month to the workers of closed industrial units. So far, 6166 workers have been given this assistance. Applications received further will be examined and monthly assistance extended.

WELFARE OF JOURNALISTS

121. During 1996-97, the journalists' pension was enhanced from Rs.500 to Rs.1000 per month. Thereafter, their pension was raised to Rs.1500 per month in the last budget. Agreeing to their request, it has been decided now to raise their pension further to Rs.2000 per month. The amount payable to the family of the journalists who die in harness will be raised from Rs.40,000 to Rs.50,000.

HOUSING

122. I had announced in the last year's budget that houses with fire proof asbestos roofing, walls and doors will be constructed for the 50,000 families living in slums located in unobjectionable areas in the municipal corporations. **Accordingly, such houses have been constructed for 12,000 families at a cost of Rs.15 crores. This scheme will be continued in the next financial year and 26,000 houses will be constructed at a cost of Rs.39 crores.**

123. In order to provide housing facilities to government employees in district headquarters, 2144 rental quarters are being constructed at Karur, Nagapattinam, Thiruvarur, Theni, Thiruvallur, Namakkal, Perambalur, Villupuram and Thiruvannamalai by the Tamilnadu Housing Board.

124. For solving the problem of accommodation in the headquarters of newly created districts and fast growing towns like Tiruppur, lands will be acquired near these towns and new satellite towns will be formed. Well laid out plots with basic amenities like

drinking water, roads, etc., will be sold to the public. They will be assisted in obtaining loans from financial institutions like HUDCO for construction of houses on these plots.

HINDU RELIGIOUS AND CHARITABLE ENDOWMENTS ADMINISTRATION

125. Large extent of lands belonging to the Hindu Religious and Charitable Endowments department has been restored to the department. For example, 621 acres in Thiruthuraippoondi, 250 acres in Perur, Rs.300 crores worth properties belonging to Alavandar Charitable Trust, Rs.100 crores worth of properties belonging to Thiruvatteeswaran Temple as well as properties in many places in Tamilnadu have been restored. Since 1.7.1999, the revenue courts have settled 13500 cases in favour of temples and as a result, several lakhs of rupees of income have accrued to the temples.

SPECIAL SCHEMES FOR DEVELOPMENT OF SOUTHERN DISTRICTS

126. The committee set up under the chairmanship of Justice Thiru Rathinavel Pandian, Thiru R.A.Seetharamadas as the vice chairman and Thiru A.Venkataraman as member for formulating suitable schemes for the development and creation of employment opportunities in southern districts has submitted its interim report on the 28th of last month. In line with the recommendations contained in the report, following schemes will be implemented in the coming financial year:

- **New wasteland development schemes in Ramanathapuram, Virudhunagar and Theni districts.**
- **Renovation of ponds and irrigation tanks with NABARD assistance; maintenance of tanks through water users associations set up for each tank.**
- **Special scheme for increasing horticulture production.**

- **Expanding job opportunities through provision of facilities in information technology in southern districts and establishing international connectivity in Madurai and Tirunelveli through Software Technology Park of India (STPI).**

- **Setting up a rubber industrial park through TIDCO in Kanniyakumari district with an investment of Rs.14 crores for the manufacture of rubber and rubber based products.**

- **As mentioned earlier, a hi-tech industrial park on 2000 acres in Nanguneri.**

- **The Malaysian government is preparing a techno economic feasibility study at a cost of Rs.4.6 crores for the development of Colachel port in Kanniyakumari district. After obtaining the report in the next few months, the government will decide on the development of Colachel port.**

127. Necessary steps will be taken to upgrade the livestock in the southern districts by improving the district livestock farm at Abishegapatti in Tirunelveli district. Particular emphasis will be laid in this livestock farm on activities like setting up a sheep breeding centre for the southern districts, setting up a centre to supply poultry of high yielding varieties to the poultry farmers, establishment of a regional research laboratory to help farmers tackle animal diseases like blue-tongue disease.

HIGH COURT BENCH AT MADURAI

128. Our efforts for many years to establish a Bench of the Madras High Court in Madurai city have come to fruition now. Lands have been acquired for setting up this Bench which is a milestone in the history of judicial administration in Tamilnadu. The function for laying the foundation stone for the new buildings of High Court Bench will be held on the 13th of April this year. Through this, it has been made easier for the people of southern districts to obtain justice.

WELFARE OF GOVERNMENT EMPLOYEES, TEACHERS AND PENSIONERS

129. Keeping in mind the welfare of government servants, teachers and pensioners, the government has been implementing various schemes. Inspite of severe financial constraints, the government met the additional expenditure of Rs.750 crores for the payment of dearness allowance, and Rs.210 crores for the Pongal bonus for the employee and has ensured that they are not displeased.

130. At present, government servants are given house building advance upto a maximum of Rs.4 lakhs. Accepting the request of the government servants to enhance this limit, the upper limit of this advance will be enhanced to Rs.6 lakhs from the coming financial year. The allocation for this will be increased to Rs.100 crores.

131. The pension expenditure has increased from Rs.1691 crores in the last year to Rs.2517 crores in this financial year. Pension has become one of the of rapidly increasing items of government expenditure. As announced by me last year, the remaining 40 percent arrears due to pensioners will be paid in cash during the coming financial year.

ANNUAL PLAN

132. Tamilnadu has been achieving the approved plan outlay consistently every year. Inspite of resource constraints during this financial year, the approved plan outlay of Rs.5250 crores will be fully achieved. The plan outlay for the coming financial year will be finalised after my discussions with the deputy chairman of the Union Planning Commission. Pending this, the plan outlay for the coming financial year has been fixed as Rs.5700 crores.

FINANCIAL POSITION

133. When the current year's budget was presented to the House in March 1999, the estimate of revenue receipts was Rs.15,867.78 crores and that of revenue expenditure was Rs.18,500.32 crores. In the revised estimates for this year, the revenue receipts have increased to Rs.16,465.29 crores and the Revenue expenditure to Rs.20,166.02 crores.

134. In the Budget estimate of 1999-2000, the overall deficit was estimated to be at Rs.790.13 crores. But in the revised estimates, this deficit has come down to Rs.159.90 crores.

135. In the Budget estimates for 2000-2001, the revenue receipts are estimated to be at Rs.18,406.17 crores and revenue expenditure at Rs.21,564.87 crores.

136. The overall deficit in respect of all accounts in the Budget estimate of 2000-2001, has increased to Rs.667.96 crores. It is essential to undertake effective measures to bridge this deficit.

COMMERCIAL TAXES

137. Before preparing this Budget, I held a meeting with the members of Chambers of Commerce and Industry and Traders Associations in the State as was done last year and heard their views. I have considered their views and announce the following changes in tax rates:-

- Sales tax on mosaic tiles, ceramic wall and floor tiles and marble stones is reduced from 20% to 12%.
- Sales tax on ceramic sanitary wares falling under entry 3, domestic and commercial electric appliances like iron boxes, washing machines falling under entry 5 and electrical instruments, apparatus and appliances of all kinds falling under entry 7 of Part E of First Schedule is reduced from 16% to 12%.
- Sales tax on electrical goods of all kinds falling under entry 6 of Part E of First Schedule is reduced from 16% to 8%.
- Sales tax on bearings is reduced from 11% to 8%.
- Sales tax on parts and accessories of all electronic goods is reduced from 8% to 4%.

The rate of tax on the above goods is reduced to prevent diversion of trade in view of the higher rate of tax in the State as compared to neighbouring States. Hence it is expected that there will be no loss of revenue. The revenue impact of this will be reviewed after six months and necessary changes will be made if there is loss of revenue on these goods.

- Vinca rosea leaves and roots, Adisarakku items, Hearing aid cords, Braided cords, Pasteurised milk, Bura sugar and Sugar candy, Unbranded masala powder, Unbranded vegetable vathals, Tamil daily sheet calendars and paper bags and envelopes are exempted from tax.
- Sales tax on glass and glassware and metal polishers is reduced from 16% to 12%.
- Purchase tax on old and used glass bottles is reduced from 16% to 12%.
- Sales tax on pagers, ceramic bricks and bleach liquid is reduced from 11% to 8%.
- Sales tax on fried gram is reduced from 4% to 2%.
- Sales tax on sale of transformer oil to Electricity Board, Neyveli Lignite Corporation and other electrical undertakings in this State is reduced from 16% to 4%.
- Sales tax on soft drinks with a Minimum Retail Price of Rs. 29/- and above per litre is increased from 12% to 20%.

The above changes will come into effect from 1.4.2000.

- The option to compound the tax on lottery tickets is withdrawn and it is made compulsory for all dealers in lottery tickets to pay tax only on compounding basis. The slab rate under Compounding tax is revised as follows :-

	Existing rate	Revised rate
Weekly draw	Rs. 10,000/-	Rs. 20,000/-
Bimonthly draw	Rs. 15,000/-	Rs. 25,000/-
Monthly draw	Rs. 25,000/-	Rs. 40,000/-
Monthly Bumper draw	Rs. 40,000/-	Rs. 60,000/-
Special/Festival Bumper draw	Rs. 60,000/-	Rs.1,00,000/-

- Luxury tax at 20% on lodging houses with a daily rent of Rs.200/- and above is revised as follows:-

(i)	Rent of Rs.200/- and above and upto Rs.499/-	15%
(ii)	Rent of Rs.500/- and above and upto Rs.999/-	20% (No change)

(iii) Rent of Rs.1000/- and above 25%

- To increase the collection of entertainment tax from Cable T.V. operators and to provide additional resource base to the local bodies, the local bodies will be permitted to levy and collect entertainment tax at rates not exceeding the rates prescribed in the Tamil Nadu Entertainment Tax Act 1939 from Cable T.V. operators.
- The proprietors of theatres in Municipal Corporation areas now paying tax under section 4 of the Tamil Nadu Entertainment Tax Act 1939 on actual collection basis will be permitted to pay compounding tax at their option. They may opt to pay tax at 22% of the gross collection capacity per show multiplied by 25 for each week and theatres in Special Grade Municipality areas may opt to pay tax at 21% of the gross collection capacity per show multiplied by 25 for each week.
- Entertainment tax on new films payable by theatres under section 4 of the Tamil Nadu Entertainment Tax Act 1939 is reduced from 30% to 25%.
- Sales tax on leasing of Cinematographic feature films is withdrawn.

- The tax on the first Rs. 3 lakhs turnover is waived for dealers whose total turnover is above Rs. 3 lakhs but below Rs.10 lakhs, provided no tax has been collected by them on the first Rs.3 lakhs turnover.

138. Many decisions have been taken considering the practical difficulties experienced by the dealers.

- Measures have been taken to issue certificate of registration within a week from the date of application.
- Orders have been issued fixing a uniform level of security deposit for all dealers.
- It has been decided to renew the registration for a period of 5 years for all dealers eligible for 5 year renewal.
- In order to avoid the delay in getting the required forms from the offices of the Commercial Taxes Department, dealers have been permitted to use some of the required forms printed by themselves.

139. The maximum limit of Rs 20 lakhs for self assessment is increased to Rupees One crore and the accounts of all dealers whose total turnover is within this limit will be accepted on the basis of certificates issued by Chartered Accountants and assessment orders will be issued. Only 20% of these accounts selected by random sampling through computer will be checked by the department.

FISCAL MANAGEMENT

140. The long term loans given by the Government of India on the basis of State's small savings collection is one of the important additional resources for the State. This loan has increased from Rs. 779 crores in the last financial year to Rs.1014 crores in the current financial year. Small savings collections of our State will be increased further by improving the performance of the directorate of small savings, small savings agents and other agencies involved in small savings work.

141. Though the permission of the Government of India for exporting sandal wood from our State to other countries has been obtained, export could not be made till now due to lack of sufficient demand abroad. Nevertheless, by conducting regular sandalwood auctions bimonthly, the revenue has increased from Rs.27 crores in the last financial year to Rs.70 crores in the current financial year. It is expected that such additional revenue will be obtained in the coming financial year also.

142. This Government has been urging the Central Government to raise royalty on lignite for more than a year. Despite this, Government of India has not taken any decision on this so far. I urge the Central Government to accept our request and take an early decision.

143. As announced by me in the last budget, the State Planning Commission has reviewed the schemes implemented by various departments of the Government and has given its recommendations. These recommendations will be examined and decisions thereon will be taken by all the departments within the next three months.

144. Government guarantees are being given for loans taken by government agencies from the open market and from the financial institutions. As on 31.3.1999, government guarantee has been given in our State for outstanding loans of Rs.6180 crores. Since there is a possibility of these guarantees affecting the finances of the State government, it has been decided to fix a ceiling for these guarantees by accepting the recommendations of the expert committee constituted by the Reserve Bank of India. It is proposed to pass a resolution for this purpose under Article 293(1) of the Constitution of India in the current Assembly session.

145. Implementation of various subsidy schemes of the State Government will be revamped in the current year to ensure that the benefit of the schemes reach the targeted persons.

146. Taking into consideration the effect of the proposed changes in taxes, the overall deficit will be 665 crores. This is proposed to be bridged by stepping up the collection of arrears, economy measures etc.

Honourable Speaker Sir,

I would like to draw the attention of this Honourable house to what I mentioned in my speech while presenting the first interim budget on 25.3.1971:

> "An administration is run for those who have voted for the ruling party as well as for those who have not. I would define a good administration as one which gives a sense of belonging to all people, irrespective of how they voted. This Government welcomes the free and fair expression of all points of view and would respect the right to democratic dissent and constructive criticism both within and outside the House"

I repeat that assurance even now. I express my heartfelt thanks to the Finance secretary Thiru P.V.Rajaraman, I.A.S., and government officials who performed their duties untiringly and co-operated with me in preparing this budget.

VANAKKAM

M.KARUNANIDHI,
CHIEF MINISTER.

Chennai,
24th March 2000,
Panguni 11,
Thiruvalluvar Aandu 2031.